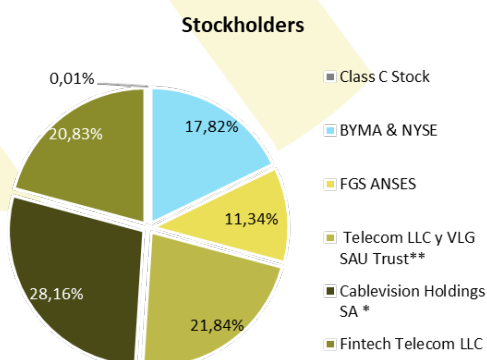


December 5th 2024
Telecom Argentina S.A.

After the merger of Telecom Argentina (TEO) and Cablevisión S.A. (a local subsidiary of CVH) in early 2018, the group became the first quadruple-play operator in the country (cable TV, internet, mobile, and fixed-line phone services) with a presence in Uruguay and Paraguay. Since then, CVH became the controlling entity of TEO, holding directly 28.16% of the share capital. The second-largest shareholder of TEO is Fintech Telecom LLC, owned by Mexican businessman David Martínez, with 20.83% of the shares.

One year after the merger, both companies formalized a Voting Trust in which Fintech Telecom LLC and VLG S.A.U. (100% controlled by CVH) held 21.84% of TEO's shares. In the contract, a co-trustee representing CVH granted the company decision-making rights. As a result, CVH came to control more than 50% of the shares outstanding.¹ (The aforementioned Voting Trust guarantees compliance with said agreement and the corporate governance of the Company).

The remaining 29.16% of the shares are publicly traded. 11.42% is held by the FGS of ANSES, and the rest is traded on BYMA and NYSE (as ADS).



Source: Sekoia Research based on Telecom's financial statements and FGS.

Latest Results

¹ Cablevisión Holding S.A. directly holds 18.89% of the total share capital and indirectly holds 9.27% of the

As usual in our reports, we analyze the financial statements of Argentine companies in dollars using the official average or closing exchange rate, as appropriate. However, because 81% of the company's revenues are in local currency and given the significant changes in the local macroeconomic variables over the past year, we will report the accounting results in inflation-adjusted pesos, which show significant differences from those measured in hard currency.

Total sales revenue for the nine months of 2024 amounted to USD 2.682 million, representing a 9.5% decline compared to the same period in 2023. In pesos adjusted for inflation, sales fell by 10.4% compared to the same period in 2023. This is due to the highly competitive nature of the segment and the company raising prices below inflation during the period. However, there was a strong recovery in the last quarter compared to the first two quarters of 2024.

Consolidated operating costs contracted by 11% y/y, mainly due to lower labor costs, thanks to a 6% reduction in staff and salary growth below inflation. This was further aided by lower service and maintenance fees, as well as lower taxes.

Telecom Arg. SA (USD MM)	9M24	9M23	Var (%)	9M22	Var (%)
Revenue	2.682	2.965	-9,5%	3.076	-13%
Operating costs	1.855	2.087	-11,1%	2.183	-15%
EBITDA	827	878	-5,8%	893	-7%
EBITDA Margin	30,8%	29,6%	123 bps	29,0%	181 bps

Source: Sekoia Research based on financial statements.

Thus, Telecom's EBITDA for these 9 months reached USD 827 million, representing a 5.8% decline. However, the margin relative to sales remains steady at 30%.

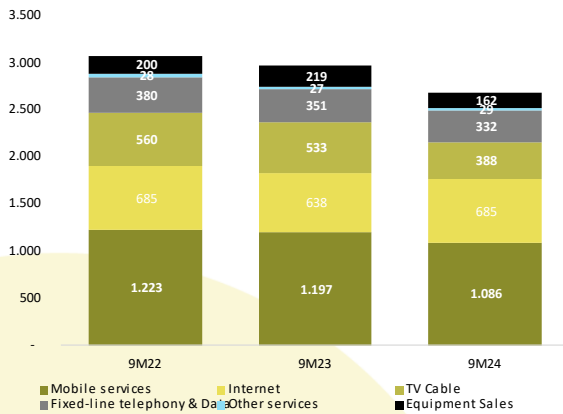
Results by segment

In the nine months of 2024, 40% of the company's revenues came from mobile services in Argentina and Paraguay. Customers in Argentina reached 21.4 million, an annual increase of 668,000. Revenue amounted to USD 1.086 million, representing a 9% decrease

total share capital through VLG S.A.U. Trustees: Héctor Magnosto and David Martínez.

compared to the same period in 2023, both in dollars and in constant pesos. However, sales in the last two quarters grew in real terms compared to the first quarter of 9M24.

Revenue by segment (in USD Million)



Source: Sekoia Research based on financial statements.

Internet services accounted for 26% of the revenue. During the analyzed period, the customer base slightly decreased by 47,000, reaching 4.0 million compared to 9M23. Revenues reached USD 685 million, representing a 7% annual increase and a 6% increase in local currency adjusted for inflation.

Meanwhile, despite a stable number of cable TV subscribers, revenue from sales saw a sharp contraction of 27%, reaching USD 388 million, which represented 14% of total company revenue.

Regarding fixed-line telephony and data, the period closed with a 6% y/y drop, reaching USD 332 million and representing 12% of total sales. Additionally, the company generated USD 29 million from its virtual wallet service, Personal Pay, which ended the period with 3.3 million customers, compared to 1.6 million in 9M23.

Finally, equipment sales represented 6% of total company revenue, reaching USD 162 million, a 26% y/y decline directly related to a 22% drop in cell phone sales.

Debt Profile

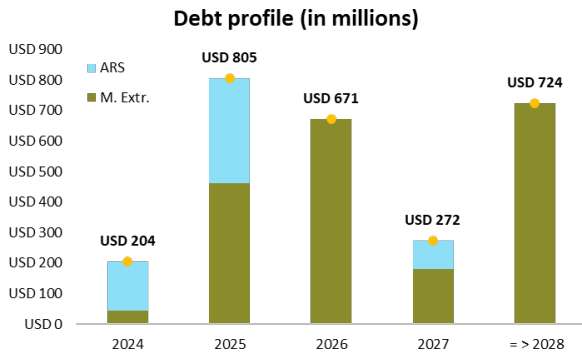
At the close of the third quarter, the company had a financial debt of USD 2.743 million, an increase of just 4% compared to 9M23. In the

year-on-year comparison, there was a notable decrease in foreign currency debt, which dropped from 63% to 55% of the total. Regarding local currency debt, it is diversified, with 23% linked to the dollar and 22% linked to UVA or BADLAR.

Telecom has an enviable backing in the international debt market and maintains smooth access to the local capital markets. In 2024, the company issued bonds worth USD 730 million. 15% was issued through Classes 20 and 22, adjusted for exchange rates, maturing in June and February 2026, with coupons of 5% and 2% respectively, and amortization at maturity. The remaining 85% was issued via Class 21, payable in dollars, maturing in 2031, with an annual coupon of 9.5%, paid semiannually, and amortized in three equal annual installments starting in 2029.

The proceeds from these placements were mostly used to cancel portions of loans from the World Bank (IFC), the Inter-American Investment Corporation (IIC), and the Inter-American Development Bank (IDB). Additionally, the Class 21 international bond was funded 19% through the Class 1 dollar bond maturing in 2026. Moreover, the amortization of the Class 5 dollar bond maturing in 2025 was completed along with a tender offer for USD 20 million on the same bond.

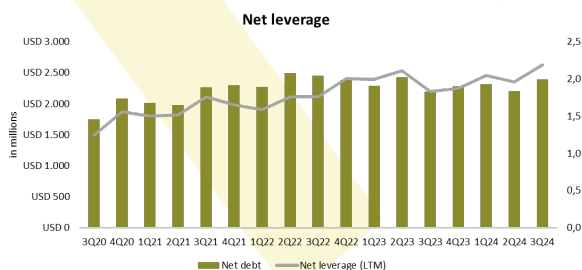
Thus, in recent quarters, Telecom has undertaken significant management of its liabilities, extending the average maturity of its debt from 2.1 years at the close of Q2 2024 to 2.9 years at the close of Q3 2024, while also reducing its debt cost from 7% to 6.7%. As a result, the company has a less challenging debt profile through 2031.



Source: Sekoia Research based on financial statements.

After the closing of the latest quarter, the company re-accessed the capital markets through two placements: first, the reopening of the previously mentioned Class 21 bond for USD 275 million, and second, a new Class 23 bond, payable in dollars, maturing in November 2028, with an annual coupon paid semiannually at 7%, and amortized in a single payment at maturity, amounting to USD 75 million (these issuances are not included in the present analysis).

Telecom Arg. SA (USD MM)	9M24	9M23	Var (%)	9M22	Var (%)
Total debt	2.743	2.649	4%	2.715	1%
Cash & Marketable Securitie	356	392	-9%	301	18%
Net debt	2.387	2.257	6%	2.414	-1%
EBITDA LTM	1.091	1.198	-9%	1.392	-22%
Net leverage	2,2	1,9	0,3	1,7	0,5
Interest (LTM)	107	123	-13%	134	-20%
Interest coverage	10,2	9,8	0,4	10,4	-0,2



Source: Sekoia Research based on financial statements.

As for net financial debt, it stands at approximately USD 2.387 million. This represents a slight 6% increase compared to 9M23, mainly due to a reduction in cash holdings. At these levels, net leverage stands at 2.2 and interest coverage at 10.7.

Bonds

Telecom Argentina has four hard-dollar bonds. The first, Class 5, with New York legislation, matures in 2025 with an 8.5% coupon and a minimum nominal value of 1,000. The bond

trades clean at around 101%, with a yield to maturity (YTM) of 6.9% and a duration of 0.6 years. To date, the bond has amortized 66% of the principal, leaving a single payment at maturity.

TECOAR 8 ½ 08/06/25 Corp

Source: Bloomberg.

The second, Class 1, matures in July 2026, with New York legislation, an 8% coupon, and a minimum nominal value of 1,000. The bond trades clean at around 100.75%, with a YTM of 7.1%, a duration of 1.4 years, semiannual rent payments, and full amortization at maturity. As mentioned, this bond was used to subscribe to the new Class 21 bonds, leaving 70% of it to be amortized.

TECOAR 8 07/18/26 Corp



Source: Bloomberg.

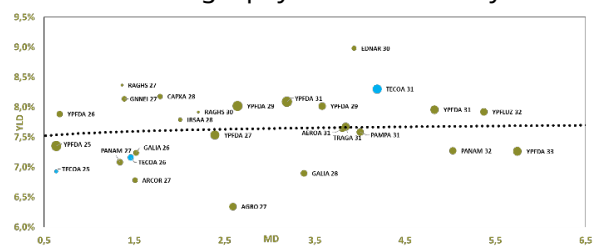
The third is Class 21, maturing in July 2031, with an annual coupon of 9.5%, paid semiannually, and amortized in three equal annual installments starting in 2029. The bond has a minimum nominal value of 1,000, trades clean at 104.5%, with a YTM of 8.4%, and a duration of 4.2 years.

TECOAR 9 1/2 07/18/31 Corp

Bond Description		Issuer Description		Identifiers	
Bond Info		Issuer Information		Identifiers	
13 Bond Info	TELECOM ARGENTINA SA	Name	TELECOM ARGENTINA SA	FIGI	BBG01NR55KS7
13 Adm. Info	Wirelines (BCLASS)	Industry	Wirelines (BCLASS)	ISIN	USP9028NBT74
13 Reg/Tax		Security Information		ID Number	YW3633396
14 Covenants		Mkt Iss	EURO-DOLLAR	Bond Ratings	
15 Guarantors		Ctry/Reg	AR	Currency	USD
16 Bond Ratings		Rank	Sr Unsecured	Series	REGS
17 Identifiers		Coupon	9.500000	Type	Fixed
18 Exchanges		Cpn Freq	S/A	Day Cnt	ISMA-30/360
19 Inv Parties		Iss Price	99.10900	Maturity	07/18/2031
20 Fees, Restrict		MAKE WHOLE @50.000 until 07/18/29/SINKABLE ...		Iss Yield	9.700
21 Schedules		Calc Type	(77)PRO-RATA:PAR SINKS	Aggregated Amount Issued/Out	USD 617,217.00 (M) / USD 617,217.00 (M)
22 Coupons		Pricing Date	07/11/2024	Min Piece/Increment	1,000.00 / 1,000.00
23 Impact		Interest Accrual Date	07/18/2024	Par Amount	1,000.00
24 Risk Links		1st Settle Date	07/18/2024	Book Runner	JOINT LEADS
25 AllQ		1st Coupon Date	01/18/2025	Reporting	TRACE
26 QY Recap					
27 TDH					
28 CACS					
29 CF					
30 CN					
31 Sec News					
32 HDS					
33 Holders					
34 Send Bond					

Source: Bloomberg.

Lastly, the Class 23 bond under Argentine law, issued on last Thursday, November 28, 2024, payable in dollars, with a cutoff price of 100%, an annual coupon paid semiannually at 7%, and a duration of 3.56 years. The bond matures in November 2028 and amortizes the entire amount in a single payment at maturity.



Source: Bloomberg.

Outlook

The company has an excellent credit reputation and maintains open credit lines in the international market. It operates in a highly competitive market, and despite the significant revenue, EBITDA, and margins contraction, it demonstrates remarkable financial prudence. The recent exchange extended the maturity timelines, which gives us confidence in the 2031 bond.

Within the Argentine corporate curve, we believe Telecom offers a good risk/return at these prices. Additionally, TECO bonds provide diversification against the strong weighting of the energy sector among local issuers. This positioning aligns with our local fixed-income funds, [Cyc Dólares Renta Fija](#) and [Cyc Renta Fija Argentina](#) which holds a low 1.5% and 2% weighting of its assets each.

Kind regards,

Juan José Battaglia
juan@sekoia.com.uy

Manuel Carvalho
manuel@sekoia.com.uy

Ian Weber
ian@sekoia.com.uy

Tomás Mangino
tomasangino@sekoia.com.uy